

AMERICAN EXPRESS CO.



US0258161092 | AXP | USA

Analysis of 06-May-2020

Closing Price of 05-May-2020

USD 86.74

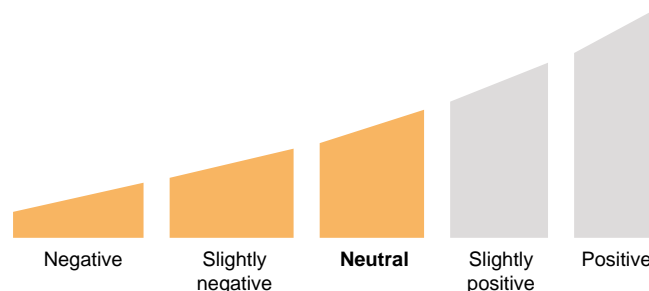
AMERICAN EXPRESS CO. active in the sector Consumer Finance, belongs to the industry group Financial Services.

Its market capitalization of USD 69.82 bn. ranks it among large-cap stocks and # 5 in the world, in its group.

During the last 12 months this stock has reached a high of USD 135.87 and a low of USD 73.60; its current price of USD 86.74 places it 36.2% under its 52 week high and 17.9% over its 52 week low.

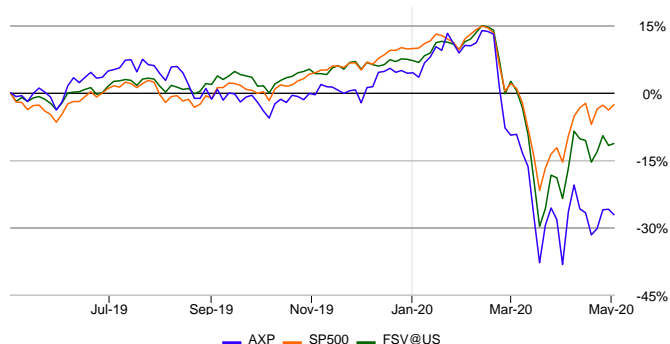
Performance since May 3, 2019: AMERICAN EXPRESS CO.: -27.3%, Financial Services: -11.3%, SP500: -2.6%

Global Evaluation



Company Name	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Div	4wk Rel Perf	Global Evaluation
AMERICAN EXPRESS CO.	86.74	-30.3%	69.82	★★★★	🌈	14.1	30.4%	1.8%	2.6%	📈
Financial Services (US)	133.00	-17.4%	2,182.10	★★★★	🌈	18.0	16.7%	3.2%	-1.1%	📉
SP500	2,868.00	-11.2%	25,100.04	★★★★	🌈	17.1	16.1%	1.9%	15.3%	📈

Comparison May 3, 2019 - May 5, 2020



Technical Trend and relative Performance ★★

The stock has been in a medium-term down trend, which started on February 25, 2020, at a price of USD 120.90. Its adjusted technical reverse point is USD 95.14, or 9.7% above the current price.

The four-week relative performance against the reference index SP500 is 2.6%. The technical trend must be overshadowed by this overperformance, a sign that the investors are still interested in this stock.

The four-week relative performance of its reference group Financial Services is negative.

Dividend

The 12-month indicated dividend yield is 1.8%. This estimated dividend represents 25.8% of the estimated earnings. Consequently, the dividend is easily covered, and very likely to prove sustainable.

Fundamental and Technical Analysis

Price Level Analysis ★

In order to assess whether AMERICAN EXPRESS CO. is currently fairly priced, we can combine Peter Lynch's broadly accepted methodology, comparing the projected earnings growth and dividends to the estimated PE ratio, with historic multiples. Based on this,

- AMERICAN EXPRESS CO. appears fundamentally undervalued compared to its theoretical fair price.

- its valuation is less attractive than the American Financial Services aggregate. The fundamental price potential for AMERICAN EXPRESS CO. looks good.

Note that the projected earnings growth to the estimated PE ratio of 2.29 is very high, indicating a potentially out of the norm situation, like an extraordinary decline in earnings followed by rebound expectations.

Earnings Revisions ★

AMERICAN EXPRESS CO. is strongly followed by financial analysts, as over the last three months an average of 28 analysts provided earnings estimate forecasts up until the year 2021.

Currently, these analysts are negatively revising their earnings growth estimates (-44.5%) compared with seven weeks ago. This negative pressure on the growth expectations has been apparent since March 20, 2020 when the stock closed at the price of USD 74.12 and confirms the negative technical trend.

The positioning of AMERICAN EXPRESS CO. vs. its reference sector Financial Services accentuates that the clearly negative trend of earnings revisions is not a problem specific to the stock, because its environment is also being revised negatively.

Summary of the Fundamental and Technical Analysis

1. The negative earnings revisions trend is not specific to the stock, but affects the entire sector.
2. In terms of valuation, the stock has good potential.
3. The negative technical trend goes along with the aggregate: the pressure is systemic.
4. The stock showed a four weeks relative overperformance in a negative environment Financial Services.

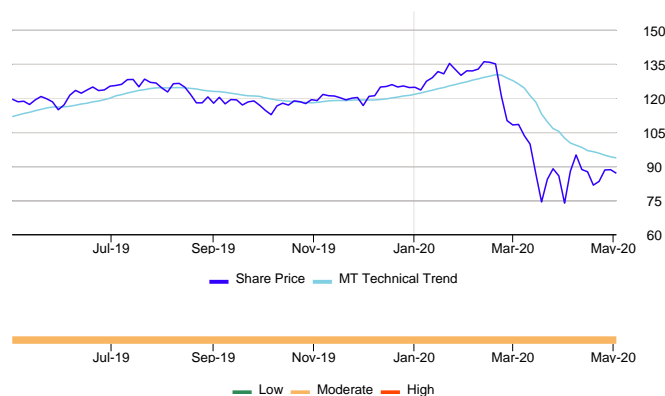
Checklist

Global Evaluation	📈	Downgrade from slightly positive to neutral the 25-Feb-2020.
Interest	★★★★	Weak interest since 05-May-2020.
Earnings Rev Trend	★	Analysts negative since 20-Mar-2020
Valuation Rating	★	Moderately undervalued
MT Tech Trend	★	Trend negative since 25-Feb-2020
4wk Rel Perf	★	vs. SP500
Sensitivity	🌈	No change over 1 year.

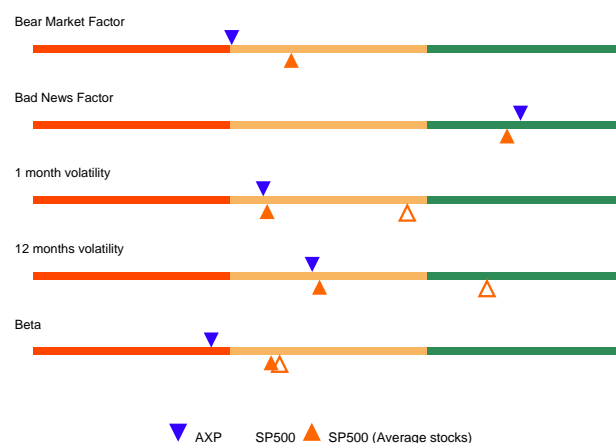
AMERICAN EXPRESS CO. - Sector and/or Group Comparison

Company Name	Symbol	Market	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Div	Global Evaluation
AMERICAN EXPRESS CO.	AXP	US	86.74	-30.3%	69.82	★★★★		14.1	30.4%	1.8%	
CAPITAL ONE FINL.CORP.	COF	US	60.96	-40.8%	28.86	★★★★		8.6	136.6%	2.4%	
DISCOVER FINANCIAL SVS.	DFS	US	41.10	-51.5%	12.59	★★★★		7.6	43.4%	3.9%	
SYNCHRONY FINANCIAL	SYF	US	18.00	-50.0%	10.51	★★★★		4.6	15.7%	4.5%	
WESTERN UNION CO.(THE)	WU	US	19.36	-27.7%	7.95	★★★★		11.3	9.6%	4.1%	
GMO PAYMENT GTWY.INCO.	3769	JP	9,640.00	28.9%	6.72	★★★★		66.3	46.1%	0.5%	
ACOM COMPANY LTD.	8572	JP	432.00	-13.1%	6.47	★★★★		9.0	4.2%	1.3%	
CREDIT ACCEP.CORP.	CACC	US	305.98	-30.8%	5.55	★★★★		15.6	2.4%	0.0%	
LENDINGTREE INCO.	TREE	US	234.20	-22.8%	3.06	★★★★		38.9	29.7%	0.0%	
MUANGTHAI CAPITAL PCL.	MTLS-R	TH	46.25	-27.5%	3.03	★★★★		15.9	16.8%	0.7%	
SLM CORP.	SLM	US	8.06	-9.5%	3.02	★★★★		5.1	10.5%	1.6%	

Price & Sensitivity Evolution



Sensitivity Profile



Sensitivity Analysis

Beta, Correlation and Volatility

Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile and therefore more sensitive. A Beta of 1.56 indicates that for 1% of index variation, AMERICAN EXPRESS CO. varies on average by 1.56%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index. AMERICAN EXPRESS CO. has a correlation rate of 0.84. This indicates that 84% of the stock's movements are explained by index variations. AMERICAN EXPRESS CO. is strongly correlated to SP500.

The volatility is also used as a sensitivity factor. The 1 month annualized volatility of AMERICAN EXPRESS CO. is : 55.0%, that of the index SP500 is 30.3% and that of the world aggregate for the group Financial Services is 30.0%. By comparison, the average volatility of the stocks that make up the reference index is practically identical at 54.3%.

Sensitivity to Bear Markets

The Bear Market Factor measures the behavior of a stock in declining markets. Thereby AMERICAN EXPRESS CO. tends to drop in the same proportion as the SP500 index. Hence, we observe a market typical behaviour during market declines.

Sensitivity to Bad News

The Bad News Factor measures negative swings of a stock in rising markets. In the case of specific pressure, AMERICAN EXPRESS CO. is only moderately sanctioned by the market in most of the times. When the stock goes down in a rising environment, its average deviation is -2.27%.

Summary of the Sensitivity Analysis

By comparing with other stocks, the sensitivity of AMERICAN EXPRESS CO. has been medium and this for more than one year.

Conclusion

At the analysis date of May 5, 2020, the impression that the fundamental and technical elements (valuation, earnings revisions, group benchmarking, technical factors) give is slightly negative. Moreover, the combination of the different criteria of sensitivity appreciation leads to a qualification of medium sensitive.

By combining the slightly negative fundamental and technical analysis, with the moderate sensitivity, the general evaluation seems medium.

Key Figures

Annualized estimate for current year to	2021
Estimated PE (LT PE) for 2021	14.1
Projected earnings growth (LT Growth)	30.4%
Dividend (Ex Date: 02-Apr-2020)	USD 0.43
Number of analysts	28
First analysis date	02-Jan-2002

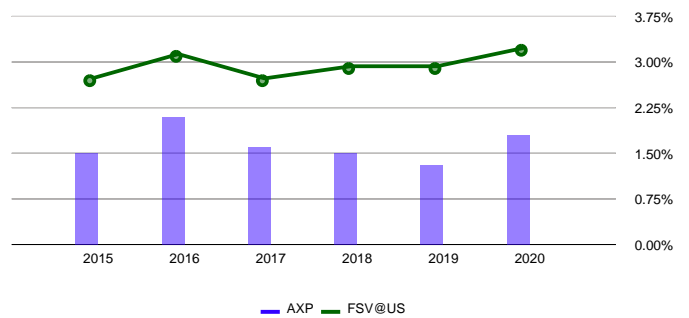
AMERICAN EXPRESS CO. - 5 Year History

Price Changes May 5, 2015 - May 5, 2020



The volatility channel shows a stock's average fluctuations over the last 5 years. During this period, the high of USD 135.87 was reached on February 2020 and the low of USD 52.63 in the month of February 2016. The price development is generally in the volatility channel whose upper and lower limits are presented here. Crossing one of these limits is an exceptional situation accompanied by strong increases in short-term volatility.

Expected Dividend Yield 2015 - 2020



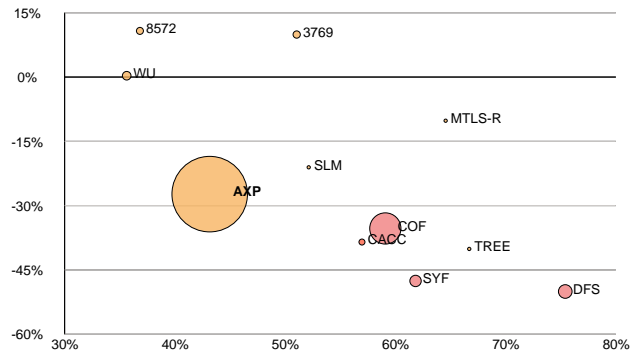
The 12-month indicative dividend yield is 1.8%, less than the 3.2% average of the industry group of AMERICAN EXPRESS CO.. Reminder, this estimated dividend represents 25.8% of the estimated earnings. It is thus largely covered, and its payment looks very sustainable. The last estimation of the expected dividend is close to the historical average of 1.7%.

Comparative LTPE May 5, 2015 - May 5, 2020



While the projected forward PE of the stock AMERICAN EXPRESS CO. is 14.07, the PE of the group Financial Services is clearly higher (18.01); this indicates that the stock is trading at a large discount compared to its group. On the other hand, historically speaking, this stock is currently trading above its median value of 12.00.

Performance vs Volatility



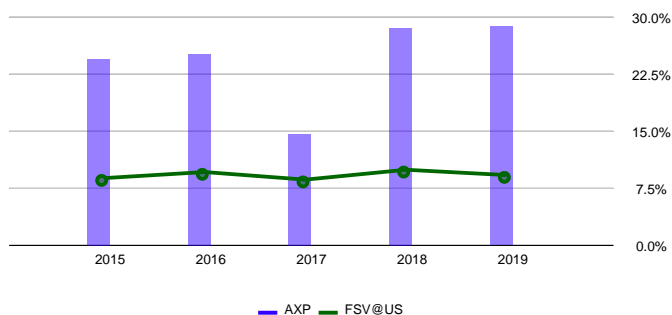
The vertical axis measures the performance since May 3, 2019 of the 10 stocks presented in the table on page 2, while the horizontal axis measures the 12 month annualized volatility. The bubbles are sized according to market capitalization, and their colors indicate the overall rating (Global Valuation).

Comparison May 5, 2015 - May 5, 2020



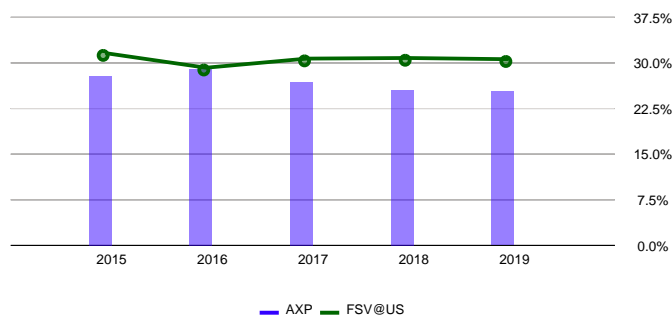
On a 5 year moving average, the performance of the stock AMERICAN EXPRESS CO. is 11.4%, vs. 37.3% for the SP500 and 7.0% for the group Financial Services (FSV@US).

Return on Equity 



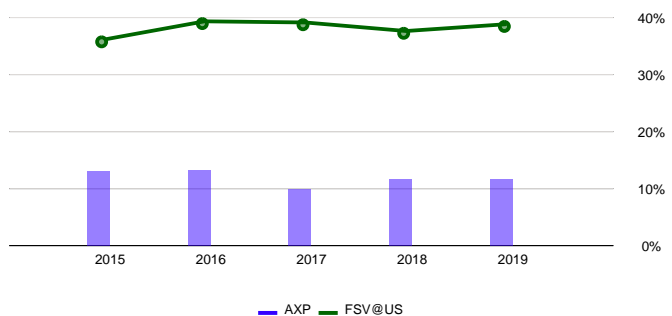
The return on equity, or ratio between profits and available equity, varies greatly from industry to industry. The historical average return on equity of AMERICAN EXPRESS CO. is 24%. This is above the industry average of 9%, indicating an efficient use of shareholder capital. The last publicized return on equity of 29% is located near the long-term average of 24%.

Earnings Before Interest & Taxes 



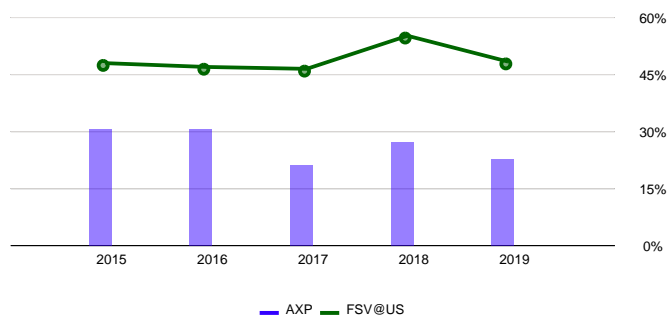
The average historical operating margin (EBIT) of AMERICAN EXPRESS CO. has been at 27%. This is similar to the industry average of 30%. The last reported 25% are near the historical average of 27%.

Equity on Assets 



The graph shows the share of own funds in relation to the total assets. The higher the value, the more conservative the company's finances. AMERICAN EXPRESS CO. has an average equity ratio of 12%, which is below the industry average of 38%. The current capital share of 12% is close to the historical average of 12%.

Book Value / Price 



The book value of the company is shown in relation to the stock's value. The larger the ratio, the more asset value is obtained relative to the market price. The average value of AMERICAN EXPRESS CO. is with 26% below the industry average of 49%. With 23% the current value is close to the historical average of 26%.

Balance Sheet

	2017	2018	2019	
	31-Dec	31-Dec	31-Dec	
	USD	USD	USD	
Currency 'mio				
Cash & Short Term Invest	33,263	27,808	24,446	12%
Receivables	56,689	58,227	56,794	29%
Inventories	0	0	0	0%
Total Current Assets	-	-	-	
Properties & Equipment	4,329	4,416	4,834	2%
Intangible	3,908	3,347	3,582	2%
Total Assets	179,512	187,122	196,860	100%
Account Payable	-	-	-	
Short Term Debt	6,115	15,443	22,057	11%
Total Current Liabilities	-	-	-	
Long Term Debt	55,804	47,108	42,220	21%
Total Liabilities	179,512	187,122	196,860	100%

Key Figures

Book Value	21.22	26.32	28.48
Shares Outstanding ('000)	859,000	847,000	810,000
NB of Employees	55,000	59,000	-

Annual Statement

	2017	2018	2019	
	31-Dec	31-Dec	31-Dec	
	USD	USD	USD	
Currency 'mio				
Total Revenue	35,583	43,281	47,020	100%
Cost	7,519	9,979	11,473	24%
Gross Income	26,536	31,797	34,359	73%
General Cost & Administration	12,840	15,878	17,284	37%
Amortization	1,528	1,505	1,188	3%
Operating Income	7,414	8,122	8,429	18%
Research & Development	-	-	-	
Net Income Before Extra Items	5,315	6,371	6,712	14%
Net Income Before Taxes	9,526	11,065	11,893	25%
Dividend	1,183	1,273	1,358	3%
Net Income	5,234	6,291	6,631	14%

Ratios

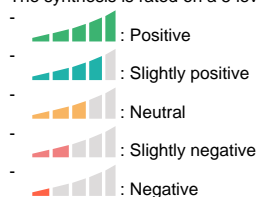
Current Ratio	-	-	-
Long Term Debt	31.1%	25.2%	21.4%
Revenues on Assets	19.8%	23.1%	23.9%
Cash Flow on Revenues	19.0%	18.0%	16.6%

Glossary - Equities

Global Evaluation

The rating results from several factors : fundamental and technical analysis, measure of sensitivity and benchmark trend.

The synthesis is rated on a 5 level scale:



The synthesis for the Indices and Industries is rated on a 3 level scale: Positive, Neutral and Negative.

Number of Stocks

The number of stocks in the index that can be analyzed.

Mkt Cap in \$bn

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

Valuation Rating

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- stock price
- projected earnings
- projected earnings growth
- dividends

We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued 🟢🟢 to strongly overvalued 🔴🔴.

Stars

theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.

In this easy-to-use rating system, stars are earned for each element specified below:

- Earnings Rev Trend 🟢 = ★★★★★
- Valuation Rating 🟢, 🟢🟢, 🟢🟢🟢 = ★★★★★
- MT Tech Trend 🟢 = ★★★★★
- 4 week Relative Performance > 1% = ★★★★★

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative 🔴
- Valuation Rating becomes negative 🔴, 🔴🔴
- MT Tech Trend becomes negative 🔴
- 4 week Relative Performance drops below -1% (<-1%)

Div

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend

The symbol 🟢 shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol 🔴 indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).

When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral 🟡.

The symbol 🟢 indicates that the last significant revisions have been trending positive.

The symbol 🔴 indicates that the last significant revisions have been negative.

7wk EPS Rev

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks

ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

G/PE Ratio

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

LT PE

This is the relationship between the price (P) and the estimated long-term future earnings.

LT Growth

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

MT Tech Trend

The MT Tech Trend indicates the current trend, positive 🟢 or negative 🔴, and the Tech Reverse indicates up to which price this trend will remain valid.

When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral 🟡.

Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.

The symbol 🟢 indicates that the previous MT Tech Trend was positive.

The symbol 🔴 indicates that the previous MT Tech Trend was negative.

4wk (Rel) Perf.

This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

Bad News Factor

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news. The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

Bear Market Factor

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period. The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

Sensitivity

Stock price developments are generally volatile and contain high risks that can result in a total loss. Based on a their historical behaviour, stocks are classified by sensitivity level. These sensitivity levels have to be considered solely in relative historical comparison to other stocks. Please note that even "Low Sensitivity" stocks are equities and therefore high risk investments that can lose up to all of their value, and that past performance is no indication of current or future performance.

"Sensitivity" is determined by measuring the "Bear Market Factor" and the "Bad News Factor" against its benchmark.

There are three grades of sensitivity levels:

- Low Sensitivity: The sensitivity indicators fall below the world reference average.
- Moderate Sensitivity: The sensitivity indicators are situated higher than the world reference average, but lower than standard deviation.
- High Sensitivity: The sensitivity indicators are at levels higher than standard deviation.

Volatility 12 M

Volatility measures the magnitude of upwards and downwards movements of a stock or index. The volatility 12 M shows the average volatility over the last 12 months.

% of Stocks in Uptrend

This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

Beta

Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile than its reference index.

Correlation

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index.

Disclaimer:

This report is provided for your personal information only, and does not constitute or contain any solicitation, financial advice, or offer to buy or sell any kind of securities. This report was based on sources that we consider reliable, but we do not warrant the accuracy and exhaustiveness of the information, opinions and quotes provided. Past performance is no guarantee of future results.

More information: www.thescreener.com/en/wc/methodology.htm

Earnings forecasts provided by REFINITIV.